



DEFENSE FINANCE AND ACCOUNTING SERVICE  
ARLINGTON

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DFAS-DFM


AUG 28 2003

MEMORANDUM FOR DIRECTOR, MILITARY PAY OPERATIONS, DEFENSE  
FINANCE AND ACCOUNTING SERVICE (DFAS-PM/CL)

SUBJECT: Interim Change to the Department of Defense Financial Management Regulation (DoDFMR), Volume 7B, Regarding Annuity Pay Management Address Changes (DFAS Item M-21)

The attached is an Interim Change **R11-03** to the DoDFMR, Volume 7B to incorporate annuity pay management address, which has been moved from DFAS Denver Site to the Cleveland Site. This change is effective immediately.

We have evaluated your comments on the proposed change and included your comments where appropriate. Assignment of the interim change number is your authority to initiate procedural modifications to implement this change. Use the attached to initiate the formal change to the DoDFMR, Volume 7B.

  
for Jerry S. Hinton  
Director for Finance

Attachment:  
As stated

cc: DASD(MPP)(Comp)  
OUSD(C)(OCDFO)(FP)  
ODGC(F)  
DFAS-GA/CL  
Service Liaison  
USCG/NOAA/PHS Liaisons

**1. Revise paragraph 160203 to read:**

“160203. Because of the variety of county and state statutes regarding the appointment of legal representatives for physically incapacitated members, the DFAS Cleveland Site accepts and processes court orders appointing such representatives. It is not the responsibility of the DFAS Cleveland Site to authenticate each order.”

**2. Revise paragraph 160304, lines 3 and 4, revise to read:**

“DFAS Cleveland Site  
Attn: Office of General Counsel (DFAS-GA/CL)  
PO Box 998006  
Cleveland, OH 44199-8006”

**3. Revise paragraph 160401 to read:**

“160401. The authority of the Secretaries of the Military Departments to appoint trustees under 37 U.S.C. 602 has been delegated to the Director, DFAS Cleveland Site.”

**4. Revise paragraph 160402 to read:**

“160402. The Director, DFAS Cleveland Site may designate one of the following persons as trustee for all incompetent military retirees if the trustee is 21 years of age or over.”

**5. Paragraph 160403, revise to read:**

“160403. All applications to appoint a trustee and related documentation should be submitted to:

DFAS Cleveland Site  
Attn: Office of General Counsel (DFAS-GA/CL)  
P.O. Box 998006  
Cleveland, OH 44199-8006.”

**6. Revise paragraph 160404, last sentence to read:**

“If more than one qualified person applies to be named as trustee for a mentally incompetent retiree, the Director, DFAS Cleveland Site shall determine which application is a more appropriate trustee.”

**7. Revise paragraph 160408 to read:**

“160408. Payments due an incompetent retiree cease to be paid to the trustee upon receipt of notification by the DFAS Cleveland Site of:”

**8. Revise paragraph 160408.G, 1<sup>st</sup> sentence to read:**

“If payments are terminated under subparagraph 160408.B, D, or E, above, the Office of General Counsel, DFAS Cleveland Site may appoint a successor trustee.”

**9. Revise paragraph 160503, 1<sup>st</sup> sentence to read:**

“Accounting reports, similar to those identified in paragraph 160407, above, are not required.”

**10. Revise section 1607 to read:**

“Once the appointment of trustee, guardian, committee, etc., has been made, the DFAS Cleveland Site shall change or update the account per the appropriate provisions of this regulation.”

**11. Revise paragraph 270502 to read:**

“270502. Designated Activity

DFAS Cleveland Site  
Attn: DFAS-GAG/CL  
P.O. Box 998002  
Cleveland, OH 44199-8002”

**12. Revise paragraph 290504.A to read:**

“A. Army, Navy, Air Force, Marine Corps

DFAS Cleveland Site  
Attn: DFAS-GAG/CL  
PO Box 998002  
Cleveland, OH 44199-8002”

**13. Revise paragraph 310203 to read:**

“310203. Proof of recoupment of outstanding payments. All outstanding checks or direct deposits (not negotiated before the annuitant’s death or forwarded past the date of entitlement) or the proceeds thereof must be returned to the DFAS Cleveland Site before a settlement of arrears of annuity may be made.”

**14. Revise paragraph 380301 to read:**

“380301. Direct remittance to the DFAS Cleveland Site”

**15. Revise paragraph 380302 to read:**

380302. Reduction by DFAS Cleveland Site of later RSFPP annuity payments, or withholding of future annuity payments until debt has been liquidated.

**16. Revise section 3804, 1<sup>st</sup> sentence to read:**

“When applicable, the DFAS Cleveland Site advises the annuitant of the right to request a waiver of indebtedness.”

**17. Revise paragraph 410201, 3rd sentence to read:**

“In the absence of such an election, or if the annuitant does not otherwise submit a withholding certificate, the DFAS Cleveland Site will withhold on a “married-three exemptions” basis.”

**18. Revise paragraph 410202, 1<sup>st</sup> and 2<sup>nd</sup> sentences to read:**

“The DFAS Cleveland Site must advise the annuitant of the withholding requirement and the right to elect “no withholding”, when making the first payment to the annuitant. Thereafter, the DFAS Cleveland Site must send an annual notice to the annuitant of the right to elect no withholding, to revoke an election, or to submit a new withholding certificate.”

**19. Revise paragraphs 470301.A, B and C, to read:**

A. The annuitant making direct remittance to the DFAS Cleveland Site.

B. The annuitant authorizing the Department of Veterans Affairs to reduce DIC and remit the amount collected to the DFAS Cleveland Site

C. The DFAS Cleveland Site reducing later SBP annuity payments.”

**20. Revise section 4704, 1<sup>st</sup> sentence to read:**

“When applicable, the DFAS Cleveland Site advises the annuitant of the right to request a waiver of indebtedness.”

**21. Revise paragraph 480102.C.3., 3rd sentence to read:**

“The annuitant will receive advance written notice from the DFAS Cleveland Site prior to suspensions and will be given an opportunity to submit rebutting evidence.”

**22. Revise paragraphs 500102.A and B to read:**

A. Annually. Each year the eligible spouse, former spouse, (spouse category), or custodian or legal fiduciary for a minor child must submit a certificate of eligibility to the DFAS Cleveland Site.

B. Biennially. Every 2 years a medical certification must be submitted to the DFAS Cleveland Site for an incapacitated child over 18 years of age, unless medical prognosis indicates the disability is permanent.

**23. Revise paragraph 500102.C.1 to read:**

“1. A payment to a student continues during any interval between school years that do not exceed 150 days if the student demonstrates, to the satisfaction of the DFAS Cleveland Site, that he or she has a bona fide intention of resuming or continuing a full-time course of study or training in a recognized educational institution immediately after that interval.”

**24. Revise section 5102, third sentence to read:**

“This amount is prorated by the DFAS Cleveland Site and is paid on a monthly basis.”

**25. Revise section 5106 to read:**

“The DFAS Cleveland Site will reestablish an annuity that has been temporarily suspended because of the widow’s excessive income or net worth as of the first day of the month in which the widow meets the income level for an annuity as determined by the Department of Veterans Affairs. Notification of any change in income is the widow’s responsibility.”

**26. Revise paragraph 510801.A, B and C to read:**

A. The annuitant by making direct remittance to the DFAS Cleveland Site.

B. The annuitant authorizing the Department of Veterans Affairs to reduce the pension under 38 U.S.C., Chapter 5, subchapter III (reference (ar)), and remitting the amount collected to the DFAS Cleveland Site.

C. DFAS Cleveland Site by reducing later annuity payments to minimum income widows.”

**27. Revise paragraph 530201, 3<sup>rd</sup> sentence to read:**

“In the absence of an annuitant election, or if the annuitant does not otherwise submit a withholding certificate, the DFAS Cleveland Site will withhold on the basis of “married with three exemptions.”

**28. Revise paragraph 530202 to read:**

“530202. Notice Requirements. The DFAS Cleveland Site must advise the annuitant of the withholding requirement, and the right to elect that no tax be withheld, when making the first monthly or periodic payment to the annuitant. Therefore, the DFAS Cleveland Site must provide annual notice to the annuitant of the right to elect no withholding, revoke an election or submit a new withholding certificate. An annuitant also may submit a withholding certificate at any time to elect no withholding, revoke such election, or request any rate of withholding.”

**29. Revise paragraph 530301, last sentence to read:**

“The DFAS Cleveland Site will accomplish the applicable direct reduction in taxable income for the annuitant and report the residual amount as taxable income on the annuitant’s Form 1099-R.”

**30. Revise paragraph 530302, last sentence to read:**

“The DFAS Cleveland Site should, upon request, provide the effective date of premiums, the total premiums paid (showing separate totals for deductions and direct remittances), the effective date, and amount of annuity.”

**31. Revise paragraph 600105.B to read:**

“600105.B. Annual Certification. The spouse or former spouse certifies annually to the DFAS Cleveland Site that he or she has not remarried and has not been cohabiting with the offender. The form to be used is a Certificate of Eligibility (COE). The spouse or former spouse must notify the DFAS Cleveland Site within 30 days of the date of remarriage or the date the member begins residing in the same household as the spouse or former spouse or dependent child. Dependent children, parent, or court-approved guardian annually will certify that they are not residing with the offender or ineligible spouse via the COE process. If the COE is not received within 60 days of date of COE, payments will be suspended until verification of eligibility is received.”